

WARRANTIES AND SERVICE CONTRACTS

Before you make a major purchase, be sure to read the product's warranty. A warranty is the manufacturer's or seller's promise to stand behind the product. Warranties vary in the amount of coverage they provide. So, just as you compare the style, price, and other characteristics of products before you buy, you also should compare their warranties.

Most major purchases come with written warranties, although this is not legally required. The protection offered by written warranties varies greatly, so it is important to compare warranties before making a purchase. Here are some questions to keep in mind when comparing warranties.

What parts and repair problems are covered by the warranty? Check to see if any parts of the product or types of repair problems are excluded from coverage.

Are any expenses excluded from coverage? Some warranties require you to pay for labor charges. How long does the warranty last? Check the warranty to see when it expires.

Does the warranty cover "consequential damages"? Many warranties do not cover consequential damages. This means that the company will not pay for any damage the product caused or your time and expense in getting the damage repaired. For example, if your freezer breaks and the food spoils, the company will not pay for the food you lost.

Are there any conditions or limitations on the warranty?

Some warranties only provide coverage if you maintain or use the product as directed. For example, a warranty may cover only personal uses -- as opposed to business uses -- of the product. Make sure the warranty will meet your needs.

Who do you contact to obtain warranty service? It may be the seller or the manufacturer who provides you with service.

What will you have to do to get repairs? Look for conditions that could prove expensive, such as a requirement that you ship a heavy object to a factory for service.

What will the company do if the product fails? Find out if the company will repair it, replace it, or return your money.

Sometimes a salesperson will make an oral promise, for example, that the seller will provide free repairs. However, if this claim is not in writing, you may not be able to get the promised service. Have the salesperson put the promise in writing, or do not count on the service.

When you buy a car or major appliance, you may be offered a service contract. Although often called "extended warranties," service contracts are not warranties. Warranties are included in the price of the product. Service contracts come separately from the product, at an extra cost. To decide whether you need a service contract, you should consider several factors:

- whether the warranty already covers the repairs that you would get under the service contract;
- whether the product is likely to need repairs and their potential costs;
- how long the service contract is in effect; and
- the reputation of the company offering the service contract.

You may be better able to decide if you need a service contract after you have owned the product for some time. Consider waiting until your warranty period expires to buy a service contract.

Whether you choose to buy a service contract or not, sooner or later your appliance may need repairs. Be sure to find an authorized repair center listed in the warranty contract or in the product manual. Getting the

repairs done by an unauthorized shop may void the warranty or might not be covered by your service contract.